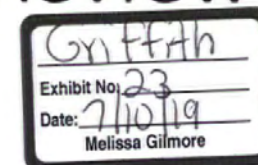


# **Exhibit 17**



# Project Blue – Liquidation Bids Review

December 2018



SEARS HOLDINGS

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[ FRE408 DRAFT – Subject to Review ]

## Executive Summary

- **The Company received bids to GOB liquidate its remaining 425 store footprint on a guarantee of proceeds (equity bid) and an advisory basis**
  - The accompanying analysis of these bids focuses on the net recovery of the sales and the liquidators' ability to run the sales across many retail locations efficiently and effectively
- **The presentation evaluates the liquidation bids in the following order:**
- **Company self-run liquidation with Abacus continuing to serve as liquidation advisor**
  - Abacus affirmed that its agreement with the Company applies to the remaining 425 stores
  - The expected performance of a self-run liquidation where Abacus acts as an advisor to the company defines the baseline against which all other liquidation bids are evaluated, as Abacus remains the low-cost provider and has over a decade of experience liquidating Kmart and Full-line Sears locations
- **Equity bid liquidation proposals**
  - The Company received equity bids from two liquidation partnerships: Hilco / Gordon Brothers, and Tiger / Great American
  - Equity bids consist of an up-front payment guarantee, with a fee for the liquidators taken from the next available net proceeds above this guaranteed amount
    - After the liquidator realizes its agreed fee, additional net proceeds are shared between the liquidator and the Company
  - Liquidators bear the costs of running the store closing sales; including store-level expenses and certain identified SG&A line items during the course of the liquidation
  - A typical condition of equity bids are stipulations regarding the mix of inventory and level of inventory in each store
    - The inability to meet these stipulations exactly can lower the agreed upon guaranteed net proceeds payable to the company
- **Advisory bid liquidation proposals**
  - In addition to Abacus' affirmation of its existing arrangement, the Company received advisory bids from the Hilco / Gordon Brothers partnership, the Tiger / Great American partnership, and SB360
  - Fee bids are proposals to advise the Company on the store closing sales for a consulting fee (similar to Abacus' agreement)



[ FRE408 DRAFT – Subject to Review ]

## Abacus Net Recovery Projection

- Abacus and the Company project a final net orderly liquidation value for remaining merchandise of 90.2% and 93.7% before liquidation fees based on most recently available inventory data
  - The projected recoveries include the following adjustments to the Kmart/FLS inventory liquidation appraisal prepared by Tiger Capital Group
    - Inclusion of Sears Auto Center, on-the-water, and wholesale inventory, including pharmacy inventory and restaurant inventory (SHS and Commercial Sales inventory are assumed to be sold in respective going concern transactions)
  - Gross recovery estimates are based on Abacus' and the Company's analysis of remaining inventory (subject to change as more recent inventory data is analyzed)
  - Expense categories are taken from Tiger's appraisal, with expense amounts estimated herein based on historical experience, Abacus' estimated expense budget for the 425 stores, and where applicable, Tiger's estimates for certain expenses
  - "Additional Proceeds Not Part of Liquidation Bids" are proceeds of ~\$87mm-\$89mm from pharmacy script asset values, layaway receivables, auto labor revenue, leased department revenue, and ATM & vending machine revenue that are excluded from the bid comparisons

(\$ in millions)	Scenario 1		Scenario 2	
	\$	% Of Total Inventory at Cost	\$	% Of Total Inventory at Cost
Total FLS/Kmart GOB Eligible Inventory at Cost	\$ 1,445.1	95.7%	\$ 1,445.1	95.7%
Wholesale Inventory at Cost	18.1	1.2%	18.1	1.2%
SAC Inventory at Cost	21.9	1.4%	21.9	1.4%
On the Water Inventory at Cost	25.0	1.7%	25.0	1.7%
<b>Total Inventory at Cost</b>	<b>1,510.1</b>	<b>100.0%</b>	<b>1,510.1</b>	<b>100.0%</b>
FLS/Kmart Gross Recovery	1,741.4	115.3%	1,792.0	118.7%
Wholesale Inventory Gross Recovery	12.4	0.8%	12.4	0.8%
SAC Inventory Gross Recovery	11.1	0.7%	11.1	0.7%
On the Water Inventory Gross Recovery	25.0	1.7%	27.5	1.8%
<b>Total Gross Recovery</b>	<b>1,789.9</b>	<b>118.5%</b>	<b>1,843.0</b>	<b>122.0%</b>
Total Payroll	(180.6)	-12.0%	(180.6)	-12.0%
Advertising & Promotional Costs	(20.0)	-1.3%	(20.0)	-1.3%
Store Occupancy Expense	(99.7)	-6.6%	(99.7)	-6.6%
Other Operating Expenses <sup>1</sup>	(67.8)	-4.5%	(67.8)	-4.5%
On-site Supervision	(15.0)	-1.0%	(15.0)	-1.0%
<b>Total Direct Sale Expenses</b>	<b>(383.2)</b>	<b>-25.4%</b>	<b>(383.2)</b>	<b>-25.4%</b>
Royalties	(3.7)	-0.2%	(3.7)	-0.2%
Corporate Costs	(40.0)	-2.6%	(40.0)	-2.6%
<b>Net Recovery Before Liquidator Fee</b>	<b>1,363.1</b>	<b>90.3%</b>	<b>1,416.2</b>	<b>93.8%</b>
Liquidator Fee	(0.9)	-0.1%	(0.9)	-0.1%
<b>Net Recovery After Liquidator Fee</b>	<b>\$ 1,362.2</b>	<b>90.2%</b>	<b>\$ 1,415.3</b>	<b>93.7%</b>
Additional Proceeds Not Part of Liquidation Bids	87.3	5.8%	88.7	5.9%



<sup>1</sup> Other Operating Expenses include merchandise transfers, credit card fees, security, inventory insurance, independent inventory costs, central services, and store miscellaneous expenses. Abacus' scenarios do not include any costs for central services, inventory insurance or independent inventory costs because the expenses are related to equity bids.

[ FRE408 DRAFT – Subject to Review ]

## Equity Bids Terms

- Both equity bids are conditioned on working with the other liquidators and include cost factor adjustments, which the Company specifically requested not be included in the agreements

Equity Bids		
	Hilco / Gordon Brothers	Tiger / Great American
<b>Guarantee / Bid</b>	<ul style="list-style-type: none"> <li>82% of cost value of merchandise</li> </ul>	<ul style="list-style-type: none"> <li>79% of cost value of merchandise</li> </ul>
<b>Agent Fee</b>	<ul style="list-style-type: none"> <li>5% of cost value of merchandise above guarantee amount</li> </ul>	<ul style="list-style-type: none"> <li>3% of cost value of merchandise above guarantee amount</li> </ul>
<b>Sharing Provision</b>	<ul style="list-style-type: none"> <li>50% sharing above guarantee, agent fee and sale expenses</li> </ul>	<ul style="list-style-type: none"> <li>50% sharing above guarantee, agent fee and sale expenses</li> </ul>
<b>FF&amp;E Commission</b>	<ul style="list-style-type: none"> <li>15% of gross proceeds                             <ul style="list-style-type: none"> <li>Sears to bear related expenses</li> </ul> </li> <li>Agent has right to abandon unsold FF&amp;E</li> <li>Guarantee option to be determined</li> <li>Agent to bear related expenses</li> </ul>	<ul style="list-style-type: none"> <li>15% of gross proceeds                             <ul style="list-style-type: none"> <li>Sears to bear related expenses</li> </ul> </li> <li>Agent has right to abandon unsold FF&amp;E</li> <li>Guarantee option to be determined</li> <li>Agent to bear related expenses</li> </ul>
<b>Additional Merchandise</b>	<ul style="list-style-type: none"> <li>Sears to receive 5% of gross proceeds</li> <li>Agent to bear all costs</li> </ul>	<ul style="list-style-type: none"> <li>Augment proceeds included in 50% sharing provision</li> <li>Agent to bear all costs and expenses</li> </ul>
<b>Expenses</b>	<ul style="list-style-type: none"> <li>Agent to bear all store-level operating expenses</li> </ul>	<ul style="list-style-type: none"> <li>Agent to bear all store-level operating expenses</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>Start Date: No later than January 19, 2019</li> <li>End Date: On or before May 31, 2019</li> </ul>	<ul style="list-style-type: none"> <li>Start Date: No later than February 2, 2019</li> <li>End Date: On or before May 15, 2019</li> </ul>
<b>Partnerships / JVs</b>	<ul style="list-style-type: none"> <li>Bid is conditioned on right to syndicate with other liquidators, presumably Tiger and Great American</li> </ul>	<ul style="list-style-type: none"> <li>Bid is conditioned on right to work with other liquidators, including Hilco and Gordon Brothers</li> </ul>
<b>Supervisors Required<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Approximately 250</li> </ul>	<ul style="list-style-type: none"> <li>400 or more</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Cost factor threshold of no greater than 38.9%</li> <li>Merchandise threshold between \$1.12bn and \$1.20bn of inventory at cost</li> </ul>	<ul style="list-style-type: none"> <li>Cost factor threshold of no greater than 38.3%</li> <li>Merchandise threshold no less than \$1.15bn of inventory at cost</li> </ul>

<sup>1</sup> Based on information provided in prior proposals



[ FRE408 DRAFT – Subject to Review ]

## Equity Bids Recovery Projection

### Assumptions

- Gross recovery and net recovery before liquidation fees are based on the midpoint of Abacus' projected scenarios and the total inventory at cost is consistent across each bid to demonstrate how the equity bids' structures affect net recoveries on the same inventory base
  - The bid that Hilco / Gordon Brothers submitted excludes SAC and wholesale inventory (~\$40mm of inventory), and includes proceeds from leased departments and any other 3<sup>rd</sup> party store revenue in their gross recoveries, which subjects these 3<sup>rd</sup> party proceeds to the structure of the equity bid and reduces net proceeds to the Company
    - The 3<sup>rd</sup> party store revenue proceeds are excluded below, but would improve the other bids' recoveries versus the Hilco / Gordon Brothers bid as these additional proceeds would flow directly to the Company under the Tiger / Great American bid and Abacus proposal
- The Guaranteed NOLV for the equity bids are equal to the stated rates in the bidders' proposals and do not reflect potential adjustments related to cost value thresholds or merchandise thresholds
- The Hilco / Gordon Brothers bid has unique stipulations that will reduce the Company's recovery stated below: (i) the Company must pay certain distribution costs that would be paid by the liquidators under the Tiger / Great American bid and (ii) the Company must accept gift cards and merchandise returns through the duration of the sale, which will lower recoveries versus alternative proposals
- No augment and no proceeds from FF&E or consignment inventory are assumed

Equity Bid Recoveries			
	Tiger/Great American JV	Hilco/Gordon Brothers JV	Baseline Abacus Proposal
(\$ in millions)			
Total Inventory at Cost	\$ 1,510.1	\$ 1,510.1	\$ 1,510.1
Gross Recovery %	120.3%	120.3%	120.3%
Gross Recovery Proceeds	1,816.5	1,816.5	1,816.5
Less: Operating Expenses	(426.8)	(426.8)	(426.8)
Net Proceeds Before Liquidator Fees	1,389.6	1,389.6	1,389.6
Guaranteed Net Recovery on Total Inventory at Cost	79.0%	82.0%	NA
Guaranteed Net Proceeds To Company	1,193.0	1,238.3	-
Agent Fee % of Total Inventory at Cost	3.0%	5.0%	0.1%
Agent Fee Paid to Liquidator	(45.3)	(75.5)	(0.9)
Net Proceeds Remaining After Guarantee and Agent Fee	151.3	75.8	NA
Sharing % of Net Proceeds Remaining After Guarantee and Fee	50.0%	50.0%	NA
Company's Share of Remaining Proceeds	75.7	37.9	NA
<b>Net Proceeds To Company</b>			
Guaranteed Net Proceeds To Company	1,193.0	1,238.3	NA
Company's Share of Remaining Proceeds	75.7	37.9	NA
Total Net Proceeds to Company	1,268.7	1,276.2	1,388.7
NOLV %	84.0%	84.5%	92.0%
12/29 Outstanding Sr. DIP & 1st Lien Debt	1,033.0	1,033.0	1,033.0
Inventory Proceeds After Sr. DIP & 1st Lien Paydown	\$ 235.7	\$ 243.2	\$ 355.7



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[ FRE408 DRAFT – Subject to Review ]

## Advisory Bids Terms

Advisory Bids				
	Abacus	SB360	Hilco / Gordon Brothers	Tiger / Great American
<b>Agent Fee</b>	<ul style="list-style-type: none"> <li>Less than 20 closures in a month: \$100k per month</li> <li>Between 21 and 30 closures: \$110k</li> <li>Between 31 and 40 closures: \$120k</li> <li>Between 41 and 50 closures: \$130k</li> <li>More than 51 closures: \$140k</li> <li>Performance fee to be determined by the Company at the completion of the sales</li> </ul>	<ul style="list-style-type: none"> <li>Base fee of \$750 per store per week</li> <li>Fee would be reduced to \$600 per store per week if stipulated gross recoveries are not reached</li> <li>Fee would be increased to \$900 per store per week if stipulated gross recoveries are reached</li> <li>Prepayment of \$11,000 per store is required</li> </ul>	<ul style="list-style-type: none"> <li>Fee based on gross recovery rate<sup>1</sup></li> <li>Below 115.0%: 1.5%</li> <li>Between 115.01% and 119.0%: 2.0%</li> <li>Between 119.01% and 124.0%: 2.5%</li> <li>Above 124%: 3.0%</li> <li>Agent to receive 10% of cost savings achieved compared to agreed upon budget</li> </ul>	<ul style="list-style-type: none"> <li>Fee based on gross recovery rate:</li> <li>&lt; 97.5% gross recovery: 1.0% fee</li> <li>≥ 97.5% gross recovery: 1.25% fee</li> <li>≥ 105.0% gross recovery: 1.5% fee</li> <li>≥ 112.5% gross recovery: 1.75% fee</li> <li>≥ 120.0% gross recovery: 2.0% fee</li> <li>≥ 127.5% gross recovery: 2.25% fee</li> </ul>
<b>FF&amp;E Commission</b>	<ul style="list-style-type: none"> <li>10% of gross proceeds</li> </ul>	<ul style="list-style-type: none"> <li>10% of gross proceeds</li> </ul>	<ul style="list-style-type: none"> <li>15% of gross proceeds</li> </ul>	<ul style="list-style-type: none"> <li>15% of gross proceeds</li> </ul>
<b>Additional Merchandise</b>	<ul style="list-style-type: none"> <li>Able to provide augment for a to be agreed upon sourcing commission</li> </ul>	<ul style="list-style-type: none"> <li>Sears to receive 10.0% of gross proceeds</li> </ul>	<ul style="list-style-type: none"> <li>Sears to receive 7.5% of gross proceeds</li> </ul>	<ul style="list-style-type: none"> <li>To be negotiated</li> </ul>
<b>Expenses</b>	<ul style="list-style-type: none"> <li>Sears to bear all costs and expenses</li> </ul>	<ul style="list-style-type: none"> <li>Sears to bear all costs and expenses</li> </ul>	<ul style="list-style-type: none"> <li>Sears to bear all costs and expenses</li> </ul>	<ul style="list-style-type: none"> <li>Sears to bear all costs and expenses</li> </ul>
<b>Supervisors Required<sup>2</sup></b>	<ul style="list-style-type: none"> <li>Between 330 and 350</li> </ul>	<ul style="list-style-type: none"> <li>400 or more</li> </ul>	<ul style="list-style-type: none"> <li>Approximately 250</li> </ul>	<ul style="list-style-type: none"> <li>400 or more</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>Length: between 9 and 11 weeks</li> </ul>	<ul style="list-style-type: none"> <li>Start Date: two weeks after notice received by Agent</li> <li>Length: No longer than 12 weeks</li> </ul>	<ul style="list-style-type: none"> <li>Start Date: on or before January 19, 2019</li> <li>End Date: no later than May 31, 2019</li> </ul>	<ul style="list-style-type: none"> <li>Start Date: No later than February 2, 2019</li> <li>Length: To be agreed upon</li> </ul>

<sup>1</sup> Based on fees provided in previous indicative proposal as Hilco / Gordon Brothers did not include fee percentages in their updated bid

<sup>2</sup> Based on information provided in prior proposals

[ FRE408 DRAFT – Subject to Review ]

## Advisory Bids Recovery Projection

### • Assumptions

- Gross recovery and net recovery before liquidation fees are based on Abacus' projected recovery and are consistent across each bid
- No augment and no proceeds from FF&E or consignment inventory are assumed
- Hilco / Gordon Brothers did not provide a commission fee schedule in most recent bid and this analysis assumes their fee is 2.5% of gross proceeds based on previous indicative proposal
- SB360's fee is assumed to equal their base fee of \$750 per store for 11 weeks

(\$ in millions)	Advisory Bid Recoveries			Baseline Abacus Proposal
	Tiger / Great American JV	Hilco/Gordon Brothers JV	SB360	
Total Inventory at Cost	\$ 1,510.1	\$ 1,510.1	\$ 1,510.1	\$ 1,510.1
Gross Proceeds	1,816.5	1,816.5	1,816.5	1,816.5
Net Proceeds Before Liquidator Fees	1,389.6	1,389.6	1,389.6	1,389.6
Agent Fee % Of Gross Proceeds	2.0%	2.5%	0.2%	0.0%
Agent Fee \$	(36.3)	(45.4)	(3.5)	(0.9)
Net Proceeds to Company After Agent Fee	1,353.3	1,344.2	1,386.1	1,388.7
NOLV %	89.6%	89.0%	91.8%	92.0%
12/29 Outstanding Sr. DIP & 1st Lien Debt	1,033.0	1,033.0	1,033.0	1,033.0
Inventory Proceeds After Sr. DIP & 1st Lien Paydown	\$ 320.3	\$ 311.2	\$ 353.1	\$ 355.7



**[ FRE408 DRAFT – Subject to Review ]**

## Conclusion

- **Hilco / Gordon Brothers and Tiger / Great American submitted bids that do not meet the definition of a conforming bid because both bids had cost factor adjustment language and both were conditioned on partnering or syndicating with additional liquidators**
  - In addition, both equity bids provide a guaranteed payout that is significantly lower than the net recovery before liquidator fees projected to be achieved in a self-liquidation / final GOB process
- **SB360's advisory bid has slightly higher fees than Abacus' proposal, and has significantly lower fees than the other advisory bids received**
- **Abacus' proposal has the highest projected net recovery to the estate and its stakeholders**
- **Abacus has stated in writing and to the Rx Committee in person that its supervisors have the capacity and ability to handle all closings independently without the need for another liquidator or its supervisors**